

June 8, 2021

The Honorable Representative Matt Hall, Chair and
Members of the House Tax Policy Committee
P.O. Box 30014
Lansing, MI 48909-7514

Dear Chairman Hall,

We are writing with great concern at the current proposal, House Bill 4513 that is before your committee. If passed this bill will eliminate the ability of municipalities to levy a local income tax on non-residents who work within any of the 24 cities that currently have an income tax ordinance but reside elsewhere.

Each city with a local income tax ordinance relies on the ability to levy local income taxes at their current rates to provide and improve services that their citizens, employers, students, and economic commuters expect. Non-resident income taxes are levied in order to reduce the tax burden on residents by having non-residents who work within city limits and regularly use city services (infrastructure, public safety, etc.) pay for those services that they benefit from.

The fiscal effect of the current proposal will be catastrophic for all 24 cities. Effects from this potential shortfall will be experienced by all, residents and non-residents, who depend on these cities for virtually all services. This deficit will be felt almost immediately with little or no opportunity to recoup revenues to supplement effective administration.

We respectfully implore you to avoid reducing the public services these cities offer by eliminating a totally justifiable and equitable tax system. It is essential that committee members realize that disruption of this successful, long-standing system would constitute a significant disservice to the citizens of these cities, as well as the businesses and public service organizations within them. We urge you, for the sake of these communities, to reject passage of House Bill 4513. Thank you for your consideration and action in this matter.

Sincerely,

Thomas Paul, President Michigan City Income Tax Administrators Association
Vicki Kammerud, Vice President Michigan City Income Tax Administrators Association
Keir VanSandt, Secretary Michigan City Income Tax Administrators Association

CC: The Honorable Members of the House Tax Policy Committee
The Honorable Representative Pamela Hornberger